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SUBJECT: NORWEGIAN FM STOERE TALKS HIGH NORTH WITH THE RUSSIANS

Classified By: Acting Pol/Econ Counselor Doug Apostol
for reasons 1.4 b and d

¶1. (C) SUMMARY: High North energy and fisheries issues were at the top of the agenda during Norwegian FM Stoere's February 15-17 visit to Russia. Stoere met with Russian FM Lavrov and Deputy Prime Minister Medvedev in Moscow and called on regional governors in Murmansk and St. Petersburg during the visit. The Norwegian MFA told us that Russian signals on Norwegian participation in development of the Shtokman natural gas field were positive and that some progress (but no breakthroughs) were made on delimiting the Barents maritime border and lifting a Russian ban on fresh salmon. Stoere and Lavrov discussed Iran and Hamas as well. On Iran, Lavrov told Stoere that he was not optimistic that Iran would accept the Russian proposal to enrich uranium fuel in its reactors. Lavrov said that he would press Hamas to soften its stance on Israel and abide by earlier agreements. He and Stoere agreed that donors should work to support Abbas and the Palestinians and not "starve them out." END SUMMARY.

¶2. (C) On February 23, the Norwegian Foreign Ministry gave the diplomatic corps a readout of Foreign Minister Stoere's February 15-17 visit to Russia, including meetings with FM Lavrov and Deputy Prime Minister Medvedev. Stoere's trip included stops in Murmansk, St. Petersburg, and Moscow. We also met separately with Deputy Director General Robert Kvile to further discuss energy and other High North issues.

HIGH NORTH ENERGY DEVELOPMENTS

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¶3. (C) FM Stoere's meeting with Deputy Prime Minister Medvedev focused on the Norwegian-Russian energy "partnership," particularly in the High North. Though Medvedev, who is also the Chairman of the Board of Gazprom, did not say directly that Norwegian companies were a lock to participate in the Shtokman gas field project in the Barents, the signals were positive. Medvedev told Stoere there were "good reasons" for Norway and Russia to be strategic partners in energy. Russia was also keen to boost economic cooperation in other sectors, including telecommunications. (Note: Two-way trade between Russia and Norway was up 66 percent last year, much of it in increased Norwegian seafood exports. End note.) Stoere also passed Medvedev (and Lavrov) a non-paper on Norway's views on energy security, the theme of this summer's G8 Summit hosted by Russia. (Post has e-mailed a copy of the non-paper that appeared on the MFA's web site to EB/ESC/IEC.) Norway's possible participation in the G8 talks discussions on energy security was discussed; the Russians are aware of Norway's desire to participate in the G8 Summit in some capacity but have issued no invitations "yet," according to the MFA.

¶4. (C) In Murmansk, regional governor Yevlikimov told Stoere candidly that he and other local officials strongly supported Norwegian companies' bids for a share of the Shtokman project and had told the Kremlin so directly. (Norway's two major petroleum firms, Norsk Hydro and Statoil, are in the running for a share of the project.) Kvile told us later that Statoil was angling for a 25 percent share, but that was probably unrealistically large if Gazprom, as is likely, chooses three or four partners.

TALKS ON BARENTS BORDER, SVALBARD FISHERIES AND FISH IMPORT BAN

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¶5. (C) Stoere and Lavrov discussed the longstanding Barents border issue and, although the tone of the conversation was positive, there were "no revelations," according to the MFA. Norway's negotiating team was (coincidentally) in Moscow this week for expert level talks on technical delimitation issues. Kvile told us later that Norway's February 21 agreement with Denmark on the Greenland-Svalbard border was based on the median line principle, giving a stronger basis for the Norwegians' median line approach to the Barents. Kvile that that given the potentially significant energy resources at stake, any agreement with the Russians will be a compromise and that Norway will need to move off its median line argument to reach a deal.

¶6. (C) During his stop in Murmansk, Stoere explained to local fishermen Norwegian policy on monitoring foreign vessels' catches in Svalbard archipelago waters. Norway

expects countries to abide by bilateral catch agreements within the 200-mile Fisheries Protection Zone around the archipelago and reserves the right to inspect vessels to ensure catch limits are not exceeded. The MFA said Stoere was very direct with local fishermen, insisting that Norway had a sound legal basis for its inspection regime and that other states were welcome to "take their complaints to the Hague."

¶ 17. (C) Stoere also made progress in resolving the flap over Russia's two-month-old ban on Norwegian fresh fish imports. Norwegian and Russian experts were meeting again this week to seek a deal to lift the ban. (Note: Norway exported \$533 million worth of seafood to Russia in 2005; Russia is the third largest and fastest growing market (50 percent growth in 2005) for Norwegian salmon. End Note.)

IRAN AND HAMAS

¶ 18. (C) Lavrov and Stoere discussed how to deal with the Iranians, who were in Moscow that week for talks on the Russian proposal to enrich uranium for Iran on its soil. Lavrov told Stoere that he was "not pessimistic but did not expect much" from the Iranian delegation. He called prospects for success of the Russian proposal "a long shot," but said it was important to keep talking to the Iranians.

¶ 19. (C) Lavrov said Russia's message to Hamas leaders in their upcoming visit to Moscow would be to soften their stance on Israel. Russia would support a Hamas dominated Palestinian government that moved toward dialogue with Israel. The MFA said Lavrov and Stoere agreed there was no need to "starve out" the Palestinians under Hamas, which enjoyed strong grass-roots support, and that donor countries should continue to support President Abbas for now.

AMEC

¶ 10. (C) The MFA said Lavrov asked Stoere about Norway's commitment to the Arctic Military Environmental Cooperation Program (AMEC) (to dismantle decommissioned Russian submarines and for nuclear clean-up on the Kola peninsula). Stoere gave an assessment of progress and said Norway had no intention of ceasing its participation, at least for now. Kvile told us after the main briefing that Norway was moving toward bilateral cooperation with Russia on Kola clean-up programs rather than working exclusively through the AMEC structure.

COMMENT: HIGH NORTH IS FRONT AND CENTER

¶ 11. (C) Stoere put High North issues front and center (as he has been doing with us) during his road show through Russia. By starting his first official visit to Russia in Murmansk, Stoere sent a strong signal about the importance Norway places on High North issues and Oslo's eagerness to cooperate closely with Moscow in responsibly managing Barents region resources. Norwegian engagement with Russia on the High North is paying dividends--an inside track for a piece of Shtokman for Norwegian companies, movement on Barents border discussions, and progress in ending the fresh seafood ban. On the other hand, the visit produced no breakthroughs and Norwegian officials are already downplaying prospects for any major announcements on Shtokman, the maritime border, or other top agenda items when Russian Prime Minister Fradkov visits here in late March.

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